

# COMMITTEE REPORT



**Date:** November 14, 2019

**RIM No.** 1210-21

**To:** Agricultural Advisory Committee (AAC)

**From:** Kevin Van Vliet, Utility Services Manager

**Application:** NA **Owner:** NA

**Address:** NA **Applicant:** NA

**Subject:** Agricultural Water Rate Structure Consultation Update

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## 1.0 Purpose

To provide an update on the community engagement for agricultural water rate structure consultation and provide the Committee an opportunity for comment.

## 2.0 Background

In the fall of 2017 and winter 2018, staff conducted public engagement on developing a new rate structure for agricultural water users in the City. With the impending conversions of the South East Kelowna Irrigation District (SEKID) and the South Okanagan Mission Irrigation District (SOMID), the City water utility will need to consolidate three different rate structures for agricultural use into a single rate structure. Public Engagement was conducted to better understand water related values and concerns as well as the impact on rate structures to agricultural users to inform the development of a single water rate design for Kelowna utility agricultural customers.

As part of the engagement process staff informed the Agricultural Advisory Committee of the engagement process and provided an opportunity to comment and provide input. This report informs the Committee of the results of the engagement process and provides an opportunity for the committee to provide input into the proposed agricultural water rate structure for the Kelowna water utility.

## 3.0 Discussion

Results of the public engagement were reported to Council on May 14, 2018. A copy of the engagement report summary is included as an attachment.

Utility services intends to conclude the community engagement process in late November by proposing an agricultural rate design that includes the following:

1. The use of a farm allotment (or "allocation") for individual farmed properties. This is consistent with SEKID and SOMID operations, and is appropriate for City agricultural properties. The small number of City agricultural properties will be assigned an allotment based on the area of land being used to grow crops. The allotment will be described on a per hectare basis with an irrigation depth of 660

mm (26 inches) to determine overall volume allotted per property. This calculation is also consistent with the previous SEKID allotment. It reflects Kelowna specific growing conditions and exceeds the Glenmore Ellison Improvement District (GEID) base allotment of 527mm (20.75 inches) and Greater Vernon Water base allotment of 550 mm (21.6 inches).

2. Implementation of an increasing tiered rate structure for customers that exceed their base farm allotment. Farmers will pay a fixed fee per acre of farm allotment up to the volume of the allotment. Consumption that exceeds the allotment will be charged a unit fee per cubic metre of water consumed. This is consistent with the historic SEKID water pricing structure. A tiered rate system similar to those in use by Greater Vernon Water and GEID is being proposed. It contains tiered pricing for exceeding the farm allotment as follows:

Tier 1: 0-20% over farm allotment.

Tier 2: 20-50% over farm allotment.

Tier 3: 50% or more over farm allotment.

On October 28, 2019, City Council also approved a new Water Supply Policy No.383 to guide staff in developing revisions to the Water Regulation Bylaw; helping to clarify which customers will have access to the Agricultural rate class and establishing the goal to setting agricultural water rates. Policy No. 383 is also included as an attachment. This will allow staff to evaluate consumption across all classes and propose water rates for Council consideration in spring 2020.

Final public engagement meetings will be held as follows:

**Tuesday, November 26**

1:00 – 4:30 pm

Reid Hall, 2279 Benvoulin Rd.

**Thursday, November 28**

4:00 pm – 6:30 pm

Capital News Centre, 4105 Gordon Drive.

For those unable to attend in person, information will also be available online at [kelowna.ca/getinvolved](http://kelowna.ca/getinvolved) from Nov 18 to Dec 6.

**Report prepared by:**

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K Van Vliet, Manager Utility Services

**Approved for Inclusion:**



Danielle Noble-Brandt Policy & Planning Department Manager

**Attachments:**

Presentation Agricultural Advisory Committee Water Rate Structure update

Agricultural Water Rate Design Engagement Report – May 2018

Policy No. 383 Water Supply Policy